

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 1010

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E.O. 11652: N/A

TAGS: ECON, CA

SUBJ: AUGUST CONSUMER PRICE INDEX

1. CPI IN AUGUST ROSE 0.5 PERCENT, FROM 149.3 IN JULY TO 150.0. YEAR-OVER-YEAR INCREASE WAS 6.2 PERCENT, OR LOWEST TWELVE-MONTH INCREASE SINCE MARCH, 1973.

2. MAIN REASON FOR LOWER THAN USUAL RISE IN CPI WAS DROP IN FOOD PRICES, WITH FOOD INDEX DOWN 0.5 PERCENT (166.9 VERSUS 167.8). DECLINING BEEF PRICES (DOWN 7.2 PERCENT FROM JULY LEVEL AND OVER 17 PERCENT BELOW THEIR LEVEL OF TWELVE MONTHS PREVIOUS) WERE CHIEFLY RESPONSIBLE FOR DECREASE IN FOOD PRICES.

3. ALL ITES INDEX EXCLUDINNG FOOD ROSE 0.8 PERCENT TO 144.0, LED BY TRANSPORTATION (UP 1.4 PERCENT), HEALTH AND PERSONAL CARE (UP 1.0 PERCENT), HOUSING (UP 0.9 PERCENT), AND CLOTHING (UP 0.5 PERCENT).

4. ON SEASONALLY ADJUSTED BASIS, CPI INCREASED 0.3 BETWEEN JULY AND AUGUST, WITH DECREASE OF 0.9 PERCENT IN FOOD INDEX AND INCREASE OF 0.8 PERCENT IN ALL ITEMS INDEX EXCLUDING FOOD.

5. IN AUGUST, CURRENT ANNUAL RATE OF CHANGE IN CPI,
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BASED ON SEASONALLY ADJUSTED MOVEMENT IN LATEST THREE-

MONTH PERIOD, WAS 2.7 PERCENT, DOWN FROM 4.4 PERCENT
RATE CALCULATED IN JULY.

6. MODERATE RISE IN CPI FOR AUGUST DID NOT PACIFY
CRITICS OF GOC ANTI-INFLATION PROGRAM, AND CLC VP
SHIRLEY CARR POINTED OUT THAT MODERATING OF CPI
INCREASE SINCE BEGINNING OF 1976 HAS BEEN DUE ALMOST
ENTIRELY TO FALL IN FOOD PRICES OVER WHICH ANTI-
INFLATION BOARD HAS NO CONTROL.
ENDERS

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NNN

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